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State Dept. declassification &amp; release instructions on file

## GENERAL

1. US views on policing Shanghai--The Department of State has informed the US Consul General in Shanghai that it is disturbed by the possible implications of an international police force for Shanghai, as proposed by the mayor of Shanghai for the period of transition to Communist rule. The Department considers that the establishment of international control during this period would involve: (a) the use of a considerable force; (b) the problem of ensuring the city's food supply; and (c) the necessary inclusion of Soviet forces. The Department also believes that, if such an international force assumed control, the Communists might not only avoid responsibility for municipal rule in Shanghai until the time seemed propitious for taking over, but might try to precipitate clashes between the international force and Communist underground elements. The Department concludes that the risks and implications of an emergency landing of US Marines to protect US citizens appear far less serious than those involved in policing the entire city.

2. Dutch "pessimistic" about Indonesian discussions--US Ambassador Baruch reports from The Hague that Netherlands [redacted] is "quite pessimistic" about the outcome of the Dutch-Republican conversations in Indonesia. [redacted] the Republicans are relying absolutely on their impression that the US and the UN will not permit Dutch military action in Indonesia. [redacted] although the Dutch regard a peaceful settlement as still possible, Dutch military action is inevitable if an early settlement is not reached.

The US representative to the Good Offices Committee in Batavia reports that Dutch-Republican conversations are now at an extremely critical stage. The

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representative indicates that he hopes to secure from Republican Premier Hatta a clarifying statement on crucial military questions, which may be effective in preventing the Dutch delegation from abandoning the conversations.

(CIA Comment: The key issues in the Indonesian dispute continue to be the method of implementing the truce and the disposition and control of Dutch and Republican military forces. CIA considers that: (a) it is highly unlikely that the Hatta Government can meet the present Dutch demands and survive; and (b) the continuance of Dutch-Republican conversations and the averting of military action depend primarily on what pressure the GOC can bring to bear upon the Dutch.)

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